



## Market Update

Thursday, 11 August 2022



## Global Markets

Asian shares tracked Wall Street higher on Thursday after a softer-than-expected U.S. inflation report encouraged bets of less aggressive rate hikes from the Federal Reserve, while the dollar remained bruised after its biggest plunge in five months. U.S. consumer prices were unchanged in July compared with June, when they rose a monthly 1.3%. The July result was lower than expectations due to a sharp drop in the cost of petrol, causing markets to reposition on hopes that inflation was peaking.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 1.0% in early Asia trade, driven by a 1.2% jump in resources-heavy Australia, a 1.4% gain in South Korea and a 1.2% advance in Hong Kong. Gains in Chinese shares were more subdued. Blue chips rose 0.5% as new COVID-19 lockdowns in more Chinese cities, including the eastern export hub of Yiwu, dented sentiment.

Both the S&P 500 futures and Nasdaq futures rose more than 0.3% on Wednesday. The S&P 500 rose more than 2% during the previous session while the Nasdaq Composite closed 20% above its recent closing low in June.

"Rising real yields, due to the Fed's commitment to fighting inflation, have been an enormous problem for valuations in 2022, so any dovishness is seen as positive by the stock market, particularly for the highest valued companies," said Oliver Blackbourn, multi-asset portfolio manager at Janus Henderson Investors. "However, the potentially more dovish outlook undermined a key support for the US dollar."

U.S. Treasuries, which had pulled back from an earlier plunge in yields as traders reassessed the Fed's rate path, were not trading in early Asia on Thursday due to a holiday in Japan. Slowing U.S. inflation may have opened the door for the Federal Reserve to temper the pace of coming interest rate hikes. Traders now price in a 50 basis point rate hike next month, compared with the 75 basis point increase that had been expected before the inflation report. "For the FOMC, the July inflation report is a pleasing first step towards being able to claim victory over inflation. However, at least one or two more similar readings for inflation are necessary if they are to have confidence that the inflation emergency has passed," said Elliot Clarke, senior economist at Westpac.

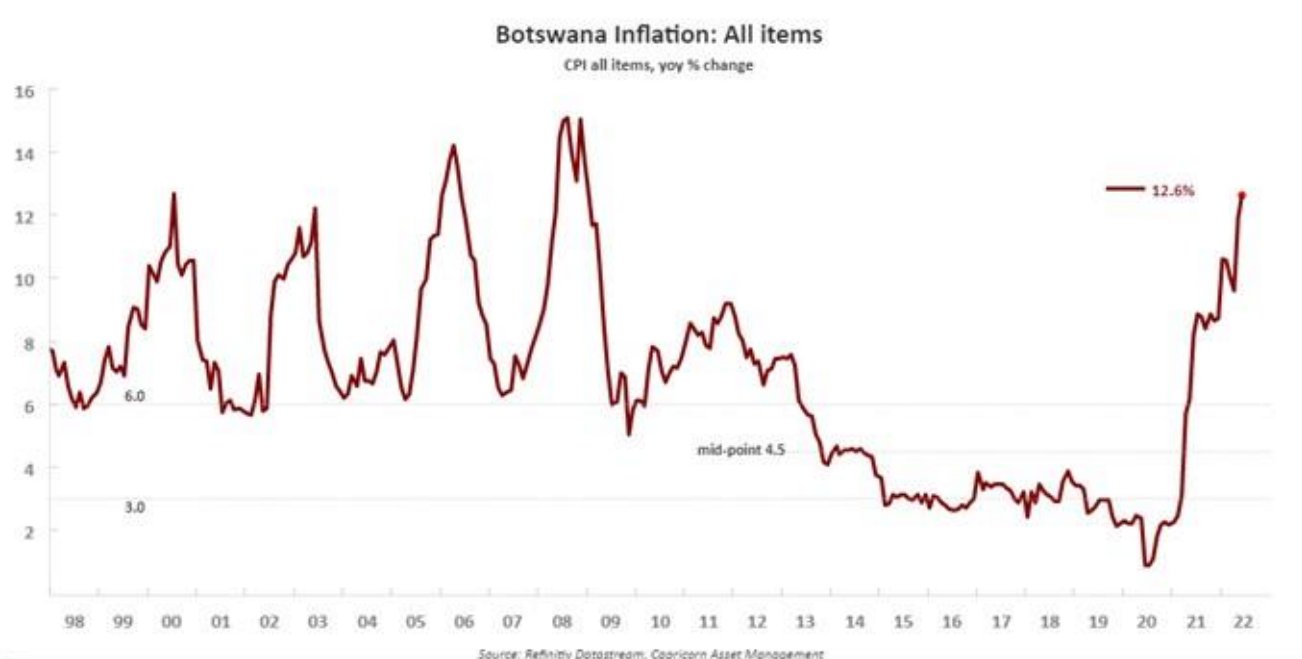
Indeed, policymakers left no doubt they would continue to tighten monetary policy until price pressures were fully broken. During Wednesday's session, Chicago Fed President Charles Evans said core inflation was still "unacceptably" high, and that the Fed would need to continue to raise rates. Minneapolis Federal Reserve Bank President Neel Kashkari said that while the inflation reading was "welcome" the Fed was "far, far away from declaring victory" and needed to raise rates much higher.

On Thursday, the dollar was little changed against its major peers after plunging 1% in the previous session, the most in five months. Commodity currencies rallied on improved risk appetite from hopes of a soft landing.

Oil prices fell in early Asian trade as traders shifted attention back to more supply of crude entering the market coupled with weaker demand. Brent crude futures fell 0.4% to \$97.05 a barrel, while U.S. West Texas Intermediate crude futures fell by a similar margin to \$91.58. Gold was slightly lower. Spot gold was traded at \$1,790 per ounce, pulling away from a one-month high hit in the previous session.

**Source: Thomson Reuters Refinitiv**

## Domestic Markets



The JSE ended Wednesday in the red as tech and luxury weighed on the market and before the rebound in European bourses. Domestic bond prices rose in a straight line – a breakthrough 10% seems likely on the R2030 (10.029%). Foreigners net bought SA equities for a fourth day and bonds for a second. Investors were waiting for Wednesday's U.S. inflation data for more indications about the Federal Reserve's next policy moves.

At 1510 GMT, the rand traded at 16.5900 against the dollar, up around 1.1% on its previous close.

South African business confidence rose slightly in July, helped by an increase in trade volumes and new vehicle sales, data showed on Wednesday. The South African Chamber of Commerce and Industry (SACCI) monthly business confidence index (BCI) edged up to 110.3 in July from 108.5 in June. Despite the pickup in the headline BCI number, SACCI cited price pressures, a volatile rand exchange rate and higher interest rates as weighing on the local business environment. SACCI said the reference point for the BCI had been adjusted to make 2020 the base year, reflecting changing trends in the economy and financial markets.

**Source: Moneyweb, BusinessTech, Avior**

## Corona Tracker

Name	Cases - cumulative total	⇅	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	584,065,952		6,352,179	6,418,958	14,014

Source: Thomson Reuters Refinitiv

Act as if what you do makes a difference. It does.

William James



## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					11 August 2022	
<b>Money Market TB Rates %</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	→		6.53	0.000	6.53	6.53
6 months	→		6.78	0.000	6.78	6.78
9 months	→		7.51	0.000	7.51	7.51
12 months	↓		7.85	-0.025	7.88	7.85
<b>Nominal Bond Yields %</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC23 (Coupon 8.85%, BMK R2023)	↓		8.59	-0.025	8.62	8.59
GC24 (Coupon 10.50%, BMK R186)	↓		8.12	-0.250	8.37	8.13
GC25 (Coupon 8.50%, BMK R186)	↓		8.57	-0.250	8.82	8.58
GC26 (Coupon 8.50%, BMK R186)	↓		8.63	-0.250	8.88	8.64
GC27 (Coupon 8.00%, BMK R186)	↓		9.60	-0.250	9.85	9.61
GC30 (Coupon 8.00%, BMK R2030)	↓		11.32	-0.235	11.55	11.34
GC32 (Coupon 9.00%, BMK R213)	↓		11.45	-0.230	11.68	11.47
GC35 (Coupon 9.50%, BMK R209)	↓		11.89	-0.220	12.11	11.91
GC37 (Coupon 9.50%, BMK R2037)	↓		12.50	-0.225	12.72	12.52
GC40 (Coupon 9.80%, BMK R214)	↓		12.86	-0.190	13.05	12.87
GC43 (Coupon 10.00%, BMK R2044)	↓		13.38	-0.185	13.57	13.39
GC45 (Coupon 9.85%, BMK R2044)	↓		13.90	-0.185	14.09	13.91
GC48 (Coupon 10.00%, BMK R2048)	↓		14.07	-0.200	14.27	14.08
GC50 (Coupon 10.25%, BMK: R2048)	↓		14.08	-0.200	14.28	14.09
<b>Inflation-Linked Bond Yields %</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (Coupon 3.55%, BMK NCPI)	→		0.20	0.000	0.20	0.20
GI25 (Coupon 3.80%, BMK NCPI)	→		3.94	0.000	3.94	3.94
GI27 (Coupon 4.00%, BMK NCPI)	→		4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	→		4.85	0.000	4.85	4.85
GI33 (Coupon 4.50%, BMK NCPI)	→		6.52	0.000	6.52	6.52
GI36 (Coupon 4.80%, BMK NCPI)	→		7.28	0.000	7.28	7.28
<b>Commodities</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓		1,792	-0.11%	1,794	1,786
Platinum	↑		942	0.86%	934	945
Brent Crude	↑		97.4	1.13%	96.3	97.2
<b>Main Indices</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓		1,580	-0.47%	1,587	1,580
JSE All Share	↓		69,745	-0.74%	70,266	69,745
SP500	↑		4,210	2.13%	4,122	4,210
FTSE 100	↑		7,507	0.25%	7,488	7,507
Hangseng	↓		19,611	-1.96%	20,003	19,976
DAX	↑		13,701	1.23%	13,535	13,701
<b>JSE Sectors</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑		15,760	0.12%	15,741	15,760
Resources	↓		64,485	-0.86%	65,045	64,485
Industrials	↓		84,635	-1.39%	85,829	84,635
<b>Forex</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓		16.19	-2.26%	16.57	16.22
N\$/Pound	↓		19.79	-1.09%	20.01	19.77
N\$/Euro	↓		16.67	-1.44%	16.92	16.68
US dollar/ Euro	↑		1.030	0.84%	1.021	1.028
			<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>			<b>Jul 22</b>	<b>Jun 22</b>	<b>Jul 22</b>	<b>Jun 22</b>
Central Bank Rate	↑		4.75	4.25	5.50	4.75
Prime Rate	↑		8.50	8.00	9.00	8.25
			<b>Jun 22</b>	<b>May 22</b>	<b>Jun 22</b>	<b>May 22</b>
Inflation	↑		6.0	5.4	7.4	6.5

**Notes to the table:**

- The money market rates are TB rates
- “BMK” = Benchmark
- “NCPI” = Namibian inflation rate
- “Difference” = change in basis points
- Current spot = value at the time of writing
- NSX is the Overall Index, including dual listed

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**Source: Thomson Reuters Refinitiv**

*Important note: This is not a solicitation to trade and CAM will not necessarily trade at the yields and/or prices quoted above. The information is sourced from the data vendor as indicated. The levels of and changes in the yields need to be interpreted with caution due to the illiquid nature of the domestic bond market.*



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**For enquiries concerning the Daily Brief please contact us at**

**[Daily.Brief@capricorn.com.na](mailto:Daily.Brief@capricorn.com.na)**

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